

STEVE GROSSMAN
for GOVERNOR



July 17, 2014

Attorney General Martha Coakley
Massachusetts Attorney General's Office
Antitrust Division
One Ashburton Place, 18th Floor
Boston, MA 02108

Dear Attorney General Coakley:

Massachusetts is home to the highest health care costs in the nation. After months of closed-door talks with few details, you have sought to commit the Commonwealth to approving an expansion and takeover agreement allowing the state's highest-cost health care system to become four times larger than its next competitor without serious pressure to lower health care premiums for consumers and employers. Because I am deeply concerned that this settlement does not serve the best interests of the people of Massachusetts, I am submitting a public comment opposing the deal in its current form.

Earlier this year, I urged your office to work collaboratively with the Health Policy Commission (HPC) and Partners to find common ground and compromise on a deal that delivers quality care without increasing health care spending, reducing competition, and driving up premiums for employers and consumers.

This current deal fails in each of those areas.

At a time when families, businesses, and governments are desperately trying to lower health care costs, under the terms of this deal, we find ourselves discussing only how much they will rise and on which date they may rise further.

As the Health Policy Commission (HPC) noted in a preliminary report on July 2, a key component of the settlement filed by your office states that average price growth across all Partners providers must be capped at the rate of inflation for the next 6.5 years, while also holding South Shore Hospital providers separately to the same cap. Under the current terms, a separate cap does not apply to Hallmark providers, allowing Partners to seize the merger to increase prices dramatically more at Hallmark providers than elsewhere. This could establish a potentially dangerous precedent for future price negotiations.¹ The HPC also cautions that spending in Northeastern Massachusetts could rise by as much as \$23 million per year. In addition, the commission does not find clear evidence that the merger will improve clinical quality between Hallmark and Partners, given the already 20-year affiliation between them.²

Thoughtful people can disagree on the complex policy implications of a proposed merger with a health care system that delivers some of the finest medical care in the world, but also with the most expensive costs in the nation.

Yet the process by which you have chosen to negotiate this deal – behind closed doors, without transparency and stakeholder input – has offered few, if any, avenues for rigorous public debate. For weeks, we heard plenty of generalities about the deal but saw few details. Even worse, the public had no voice or venue in which to respond and comment, until a judge had to explain the benefits of open dialogue and public comment.

A brief three-week public comment process in the middle of July has not adequately fulfilled our obligation as elected officials to encourage and facilitate input from citizens. Now that we have seen the details, the HPC and Partners' leading competitors continue to voice concern that the current deal is a "money grab," as Dr. Paul Hattis, your appointee to the commission in 2012, recently told *The Boston Globe*.³

Massachusetts led the nation in access to health care, and we are in a position to lead again on the critical issue of cost control. Your rhetoric as attorney general has emphasized transparency and the lowering of health care costs. But in negotiating this current deal, you have fallen far short of each of those objectives.

As Massachusetts grapples with implementing historic cost control legislation, the rest of the nation is watching closely to see if we can get it right. We simply can't afford to let one bad deal take us down the wrong track for years to come.

Our democracy is stronger when we encourage, rather than restrain public input. Too many leading voices in the world of health care have been left out and left behind. They deserve to have a stronger voice in crafting a better deal for Massachusetts.

Sincerely,

A handwritten signature in black ink, appearing to read "Steve Grossman", with a long horizontal line extending from the end of the signature.

Steve Grossman

¹ Commonwealth of Massachusetts Health Policy Commission, "Review of Partners HealthCare System's Proposed Acquisition of Hallmark Health Corporation," (July 2, 2014): 2.

² *Ibid.*, 3.

³ Priyanka Dayal McCluskey, "State panel deals challenge to another Partners hospital merger," *Boston Globe*, July 2, 2014.

Chloe Gotsis, "O&A with Newton's Dr. Paul Hattis, appointee to the Massachusetts Health Policy Commission," *Wicked Local Newton*, December 13, 2012.